side of banking, and would obviously, and naturally, be allowed to make a profit on this side of the business. In this differentiation Mr Webb's ingenuity is seen at its very best. He reserves for the State that part of banking which is purely a matter of routine, and he leaves to private enterprise that part of it which requiries the elasticity and judgment and quickness in which the average bureaucrat is most likely to fail. A certain amount of friction may easily arise from this differentiation. The interest that the State would be enabled to allow to depositors would clearly depend to a great extent on the interest which it would be able to receive from the financial institutions engaged in lending the money. These institutions could naturally pay the State interest according to the rate which they were able to charge their borrowing customers, leaving themselves a margin for profit and for protection against the risk that their business would involve. It is obvious that there might at times be considerable difficulty in adjusting these two different points of view, and anybody who knows anything about the length of time and argument involved in inducing officials to make up their minds can only fear that occasional jarring in this connecting link between the two sides of banking might sometimes produce effects which would be awkward for the industry of the country.

But apart from this obvious difficulty,

can we contemplate with equanimity the prospect of the State monopoly of the ordinary banking facilities as they present themselves to the man in the street, namely, the provision of bank branches, the use of